

ORIGINAL

BEFORE THE

**Federal Communications Commission**

WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of:

Implementation of the Cable  
Television Consumer Protection  
and Competition Act of 1992

Rate Regulation

MM Docket No. 92-266

To: The Commission

**COMMENTS ON PETITIONS FOR RECONSIDERATION**

The Arizona Cable Television Association ("ACTA"), by its undersigned counsel, herein submits comments in support of various of the Petitions for Reconsideration which were filed in the above-referenced proceeding. In the Petition for Reconsideration which ACTA, along with a number of other cable entities, filed, a strong plea was made to reduce the burdens of rate regulation on small cable systems. Specifically, after citing the 1992 Cable Act's instruction to the Commission to reduce the administrative burdens and cost of compliance for smaller cable systems,<sup>1</sup> ACTA noted that the Commission's rate regulations create an increase, not a decrease, in the financial

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<sup>1</sup>47 U.S.C. § 543(i).

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and administrative burdens placed on small systems. A number of suggestions were advanced for Commission consideration. First among these was an exemption from rate regulation for small systems. Moreover, ACTA suggested that the definition of small system should not just be measured by the number of subscribers, but rather should also include as an alternative measurement either franchise areas with fewer than 10,000 people or a density factor. Finally, ACTA also suggested that the measurement of system size should be on a franchise area basis rather than on the currently used head-end basis.

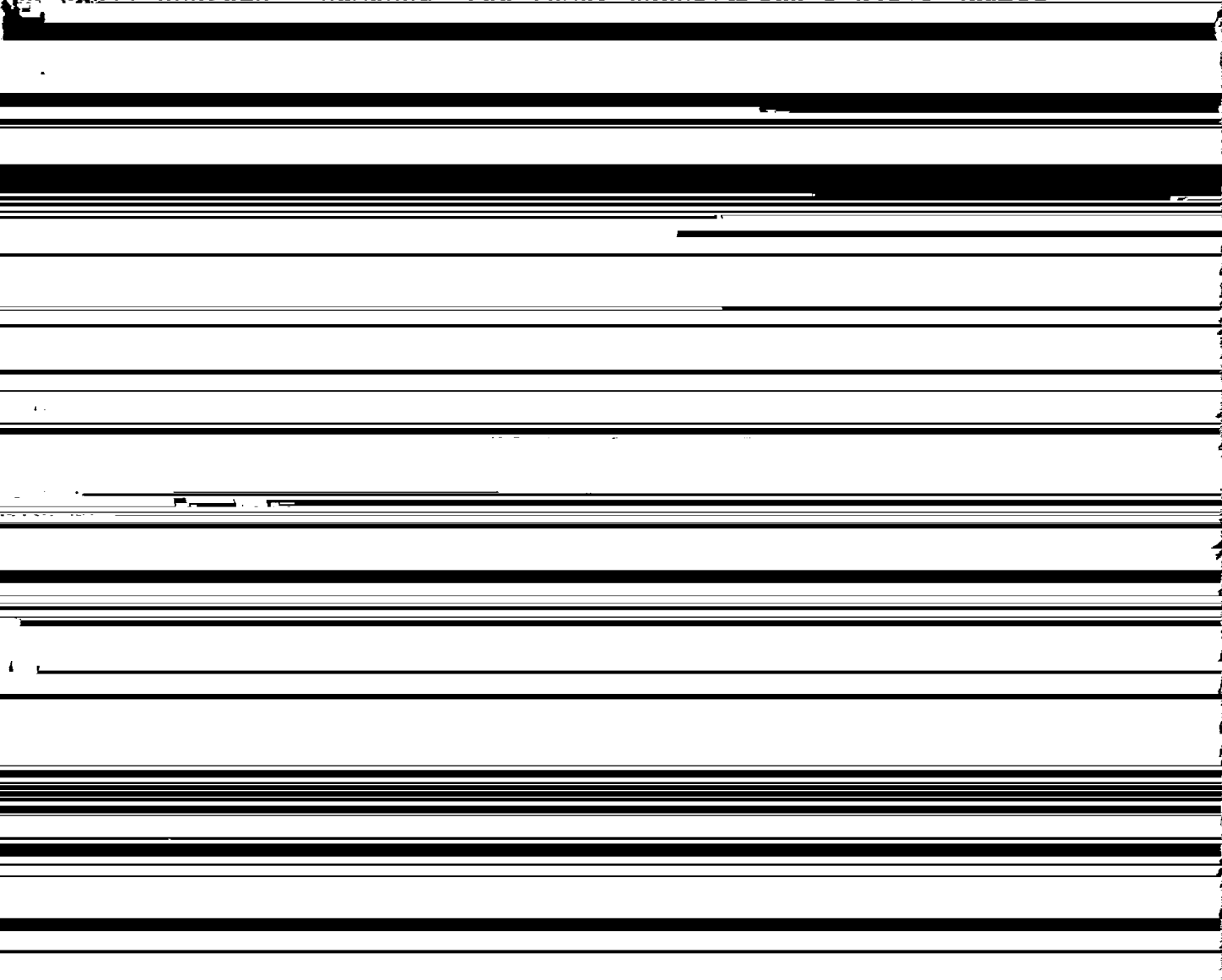
A number of small cable systems and groups representing small cable systems also suggested a small system exemption.<sup>2</sup> Likewise, these petitioners suggested several factors which the Commission should take into consideration in its benchmark methodology, in the event that small cable systems are not totally exempted from rate regulation. ACTA supports many of these suggestions. In particular, ACTA believes that the benchmark or any other regulatory scheme adopted by the Commission must recognize that small systems have higher costs than large systems in certain easily identifiable areas. One such area is the cost of programming. Program suppliers give large cable companies volume discounts. Thus, the largest cable companies are able to purchase programming at a cents per subscriber figure which is a fraction of that which must be paid

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<sup>2</sup>See, e.g., the petitions filed by the Coalition of Small System Operators and the Community Antenna Television Association, Inc.

by an independently owned small cable system. Volume discounts simply are not available to small systems. Multiply this by the number of cable programming channels which the typical cable system carries and it can readily be seen that a small system's programming expenses carry its total operating costs far above the norm. ACTA believes that the benchmark rates for small systems do not take this factor into account.

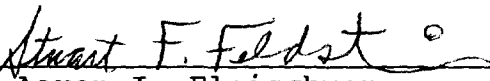
Likewise, administrative costs are much higher for smaller cable systems. The number of reports which must be filed and the number of rules which must be obeyed are very similar for large and small systems. However, the fewer subscribers a cable system



ACTA takes the Commission seriously when it states that it wishes to reduce the administrative burdens on small cable systems. Various of the petitions for reconsideration, in addition to ACTA's, have delineated steps which the Commission could take to accomplish this aim. The rate regulation scheme as it now stands does not accomplish the Congressionally mandated policy to reduce administrative burdens on small systems. The Commission should heed the suggestions made in the various petitions for reconsideration and take steps which will truly aid small systems.

Respectfully submitted,

ARIZONA CABLE TELEVISION  
ASSOCIATION

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Date: July 21, 1993

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Comments on Petitions for Reconsideration were served this 21st day of July, 1993 via first-class mail, postage prepaid upon the following parties:

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